

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 SEOUL 5612

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SUBJ: REV. MOON'S KOREAN BUSINESS CONNECTIONS

REF: (A) SEOUL 5572, (B) SEOUL 5570, (C) SEOUL 5573,
(D) SEOUL 5574, (E) SEOUL 5571, (F) USDOC 10517, (G) SEOUL 4444

1. REFTELS A, B, C, D, E ARE WORLD TRADERS DATA REPORTS TRANSMITTED JULY 21 TO USDOC AT THE REQUEST OF NEW YORK MAGAZINE IN REPLY TO REF. F. ADDITIONAL BACKGROUND INFORMATION ON FIRMS AFFILIATED WITH THE HOLY SPIRIT ASSOCIATION FOR THE UNIFICATION OF WORLD CHRISTIANITY (REV. MOON SUN-MYUNG'S UNIFICATION CHURCH) HAS BEEN DEVELOPED AND IS SUBMITTED FOR THE DEPARTMENT'S INFORMATION. REFTEL G, SUBJECT UNIFICATION CHURCH, INDICATED SOME BUSINESS TIES.

2. THE FOLLOWING COMPANIES HAVE BUSINESS RELATIONSHIPS WITH REV. MOON SUN-MYUNG OR THE HOLY SPIRIT ASSOCIATION FOR THE UNIFICATION OF WORLD CHRISTIANITY: DONG HWA TITANIUM INDUSTRIAL COMPANY, LTD.; HANKOOK TITANIUM INDUSTRIAL CO., LTD.; IL SHIN STONWORKDS CO., LTD.; TONG IL INDUSTRIAL CO., LTD.; AND HWA PHARMACEUTICAL CO., LTD. TWO ADDITIONAL WTDR'S WERE REQUESTED BY REFTEL F BUT NAMED FIRMS COULD NOT BE LOCATED. THESE COMPANIES ARE THE TAE HAN RUTILE CO. AND THE TAI PYUNG YANG CHEMICAL CO. TAE HAN RUTILE COMPANY TRANSLATES IN ENGLISH AS KOREAN TITANIUM OR HANKOOK TITANIUM INDUSTRIAL CO. TAI PYUNG
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YANG TRANSLATES AS PACIFIC CHEMICAL COMPANY BUT THERE

IS NO RECORD OF A COMPANY NAMED TAI PYUNG YANG CHEMICAL CO. IN KOREA. PACIFIC CHEMICAL COMPANY HAS NO RELATIONSHIP WITH THE REV. MOON ENTERPRISES. SEE SEOUL 5094 FOR WTDR.

3. DONG HWA TITANIUM WAS ESTABLISHED IN 1973 AND BECAME A JOINT VENTURE IN APRIL, 1974 WITH THE HOLY SPIRIT ASSOCIATION FOR UNIFICATION OF WORLD CHRISTIANITY OWNING 90.5 PERCENT OF ITS SHARES. REV. MOON SUNG-MYUNG IS LISTED AS BOARD CHAIRMAN. A JAPANESE NATIONAL, YAJI JUNSEI, OWNS 6.6 PERCENT. DONG HWA HAS ASSETS OF \$2.2 MILLION AND REPORTED A PROFIT OF \$164,000 IN 1975. DONG HWA HAS ANNUAL PRODUCTION CAPACITY OF 4,800 M/T OF TITANIUM DIOXIDE WHICH IS MARKETING IN KOREA TO PAINT, RUBBER AND INK INDUSTRIES. ITS GROSS SALES FOR 1975 TOTALED \$1,302,000. ITS CURRENT RATION IS 5.3 AND LIABILITIES RATION IS 0.2. AVERAGE KOREAN TITANIUM MANUFACTURERS' RATIOS ARE 1.6 AND 1.1 RESPECTIVELY.

4. HANKOOK TITANIUM ESTABLISHED IN 1968 BECAME A JOINT VENTURE IN APRIL, 1972 WITH THE KOREAN HOLY SPIRIT ASSOCIATION FOR UNIFICATION OF WORLD CHRISTIANITY OWNING 76 PERCENT AND THE JAPANESE BRANCH OF SAME ORGANIZATION OWNING 5.32 PERCENT. REV MOON OWNS 1.49 PERCENT AND THE COMPANY'S PRESIDENT MOON SEUNG-KYUN, A SECOND COUSIN OF REV. MOON, OWNS 0.77 PERCENT. MR. MOON SEUNG-KYUN IS ALSO ELDER BROTHER OF MOON SUNG-KYUN, PRESIDENT OF TONGIL INDUSTRIES AND WAS FORMER MANAGING DIRECTOR OF TONGIL INDUSTRIES. HANKOOK TITANIUM HAS LISTED ASSETS OF \$4.9 MILLION AND REPORTED A PROFIT OF \$87,000 IN 1975. HANKOOK TITANIUM IS MANUFACTURER OF RUTILE AND ANATASE TITANIUM DIOXIDE AND REPORTED GROSS SALES OF \$2,296,000 TO THE DOMESTIC MARKET IN 1975. ITS CURRENT RATION IS 4.5 AND LIABILITIES RATION IS 0.1. AVERAGE KOREAN TITANIUM MANUFACTURERS' RATIOS IN KOREA ARE 1.6 AND 1.1 RESPECTIVELY.

5. THE HOLY SPIRIT ASSOCIATION FOR UNIFICATION OF WORLD CHRISTIANITY HOLDS 22.3 PERCENT OF THE SHARES IN IL SHIN STONEWORKS. 15 PERCENT OF IL SHIN STONEWORKS SHARES ARE HELD BY MOON SUNG-KYUN WHO IS PRESIDENT OF TONG IL INDUSTRIES. CONFIDENTIAL

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10 PERCENT OF THE SHARES ARE HELD BY KIM WON-PIL, PRESIDENT OF IL HWA PHARMACEUTICAL COMPANY AND FORMER EXECUTIVE DIRECTOR OF TONG IL INDUSTRY CO. KIM WON-PIL IS CHAIRMAN, BOARD OF DIRECTORS OF THE HOLY SPIRIT ASSOCIATION FOR THE UNIFICATION OF WORLD CHRISTIANITY. IL SHIN STONEWORKS PRESIDENT, YOO HYO-YOUNG, HOLDS 13.83 PERCENT OF IL SHIN STONEWORKS SHARES. CHUNG YOON CHANG OWNS 8.33 PERCENT AND KIM IN CHUL OWNS 5.84 PERCENT. IL SHIN STONEWORKS FOUNDED

IN 1971, MANUFACTURERS MARBLE VASES AND EXPORTED \$600,000 WORTH OF VASES IN 1975. ITS EXPORTS WERE TRANSACTED BY TONG IL INDUSTRIES CO. JAPAN, AN AFFILIATE, AND BY SHIAWASE SHOJI CO., LTD., MARUE BLDG., 7TH FLOOR, 1-19-10 JUNMAN, SHIBUYA-KU, TOKYO, JAPAN. THIS FIRM'S CURRENT RATION IS 11.3 AND CURRENT LIABILITIES RATIO IS 0.1. AVERAGE RATIOS ARE 1.1 AND 0.7 RESPECTIVELY.

6. IL HWA PHARMACEUTICAL CO. SHARES ARE HELD BY PRESIDENT KIM WON-PIL, 5.2 PERCENT, HONG SUNG-PYO. 5.1 PERCENT, LEE YO-HAN, 1.4 PERCENT, LEE SOO-KYUNG, 1.5 PERCENT, KIM YOUNG-HUI, 1.9 PERCENT AND LEE SANG-HON, 1.7 PERCENT. OWNERSHIP OF REMAINING SHARES CANNOT BE DETERMINED. KIM WON-PIL WAS EXECUTIVE DIRECTOR OF TONG-IL INDUSTRIES BEFORE JOINING IL HWA AND IS BOARD CHAIRMAN OF MOON'S CHURCH IN KOREA. IL HWA HAS ASSETS TOTALING \$\$2.8 MILLION AND REPORTED A PROFIT OF \$1 MILLION OFR 1975. IL HWA PHARMACEUTICAL, ESTABLISHED IN 1971, MANUFACTURES GINSENG TEA, EXTRACT, AND HONEYED GINSENG WHICH IS EXPORTED PRIMARILY TO JAPAN. IN 1975 EXPORTS OF \$9,957,000 WERE REPORTED. IL HWA PHARMACEUTICAL IS REPRESENTED IN THE U.S. BY LEWIS BURGESS - TONG IL ENTERPRISE INC., NYC, NY, 99-17 QUEENS BLVD., FOREST HILLS, N.Y. AND IN JAPAN BY TURUTA MOTOO, SHIYAWASSHOJI CO., LTD. MARUE BLDG., 7TH FLOOR, 1-19-10 JUN-MAN SHIBUYA-KU, TOKYO, JAPAN. IL HWA'S CURRENT RATIO IS 4.6 AND CURRENT LIABILITIES RATIO IS 0.2. AVERAGE KOREAN RATIOS FOR THIS INDUSTRY ARE 1.0 AND 2.9 RESPECTIVELY.

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7. TONG-IL INDUSTRIES IS THE ONLY MOON AFFILIATED FIRM

WHICH IS DESIGNATED BY THE ROKG AS A DEFENSE INDUSTRY. TONG-IL MANUFACTURES SPEAKERS, AIR RIFLES, LATHES, MILLING MACHINES AND BOILERS, AND AS REPORTED IN REF. G TONG-IL MANUFACTURES PARTS FOR THE M-79 GRENADE LAUNCHER AND VULCAN GUN. TOTAL SALES IN 1975 EQUALLED \$4 MILLION. MAJOR INDIVIDUAL SHARE HOLDERS OF THE 1,158,660 SHARES ARE KIM IN-CHUL, 36 PERCENT (FORMER PRESIDENT OF THE FIRM), MOON SUNG-KYUN, 4 PERCENT (CURRENT PRESIDENT AND SECOND COUSIN OF REV. MOON) AND BAEK KU-SUB, 0.006PERCENT, EXECUTIVE DIRECTOR). THE HOLY SPIRIT ASSOCIATION FOR UNIFICATION OF WORLD CHRISTIANITY HOLDS 53PERCENT OF THE FIRM'S SHARES. THERE ARE 100 OTHER INDIVIDUAL SHARE HOLDERS WITH FEWER SHARES. TONG IL HAS ASSETS OF \$4,666,000 AND REPORTED A PROFIT OF \$488,000 IN 1975. ITS CURRENT RATION IS 2.9 AND LIABILITIES RATIO IS 0.3. KOREAN MACHINERY AND EQUIPMENT COMPANY'S AVERAGE RATIOS ARE 1.4 AND 1.8 RESPECTIVELY.

8. COMMENT: TOTAL ASSETS OF THESE FIVE UNIFICATION CHURCH AFFILIATED FIRMS ARE \$14,970,000 AND A TOTAL PROFIT REPORTED FOR 1975 WAS \$1,910,000. NET WORTH IS LISTED AT \$7,410,000 AND TOTAL SALES AS \$18,627,000.

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OFFICIAL RECORDS INDICATE THE UNIFICATION CHURCH CLAIMS ASSETS TOTALING ONLY \$3600, (HOWEVER, THE PUBLISHED FINANCIAL STATEMENT SHOWS, AS OF 12/31/75, TOTAL ASSETS \$4,535,000 AND CONFIDENTIAL

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NET WORTH \$4,516,000.) THE CHURCH ALSO OPERATES JIN WHA PRINTING COMPANY, SEOUL, FOR PUBLISHING ITS MAGAXINE AND RELIGIOUS WORKS BUT FIRM IS NOT OPERATED COMMERCIALLY.

9. AVERAGE PROFIT RATIOS FOR KOREAN FIRMS COMPARED WITH THESE FIRMS INDICATED THE FIRMS ARE SLIGHTLY ABOVE AVERAGE. THE FIRMS' CURRENT RATIOS ARE TWO OR THREE TIMES HIGHER THAN AVERAGE KOREAN FIRMS' RATIOS. CURRENT RATIOS MAY INDICATE EXCESSIVE INVENTORIES, EXCESSIVE ACCOUNTS RECEIVABLE OR LARGE IDLE CASH BALANCES ALL OF WHICH ARE VERY UNUSUAL FOR KOREAN BUSINESS. THE CURRENT LIABILITIES RATIO (CURENT LIABILITIES DIVEDED BY NET WORTH) FOR THESE FIRMS ARE SIGNIFICANTLY LOWER THAN AVERAGE FOR KOREAN FIRMS.

10. THE EXECUTIVES OF ALL THESE FIRMS WERE TRAINED IN TONG-IL INDUSTRIES WITH PRESIDENTS OF AFFILIATED COMPANIES HAVING PREVIOUSLY SERVED AS THE EXECUTIVE DIRECTOR OF TONG-IL INDUSTRIES AT ONE TIME. IMPORTANT SHAREHOLDERS OF ALL COMPANIES ARE ALSO ACTIVE MEMBERS OF THE UNIFICATION CHURCH. KIM WON-PIL, PRESIDENT OF IL HWA PHARMACEUTICAL, IS THE TOP RANKING OFFICIAL IN THE CHURCH

AND KIM IN-CHUL, MAJOR SHARE HOLDER IN TONG IL, IS A MEMBER OF THE CHURCH'S BOARD OF DIRECTORS.

11. OFFICIAL RELATIONSHIP WITH THE KOREAN GOVERNMENT APPEARS IN THE DEFENSE INDUSTRY DESIGNATION OF TONG-IL INDUSTRIES AS WELL AS IN THE APPROVALS NECESSARY TO CONDUCT FOREIGN TRADE SUCH AS EXPORT LICENSES, FOREIGN EXCHANGE CONTROLS, ETC. ALTHOUGH OWNERSHIP OF THESE COMPANIES IS HELD BY THE UNIFICATION CHURCH, TOTAL ASSETS ARE SIGNIFICANTLY LESS THAN THE \$200 MILLION REPORTED BY THE NY TIMES MAY 27, 1976.
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